

C. TOWARDS A MORE REPRESENTATIVE AND WORLD CLASS MALAYSIAN CIVIL SERVICE

Key Findings

1. The Malaysian civil service is not racially representative. Malays are over-represented as they presently comprise 77% of the total civil service establishment (p. 4).
2. Malays predominate in all the three service groups. The higher the service group, the higher its domination by Malays, culminating with 84 percent Malays in the Top Management Group. The elite service, Perkhidmatan Tadbir dan Diplomatik, is 85 percent Malay (pp. 4-6).
3. As with preferential recruitment, low non-Malay application is a proximate cause of low non-Malay representation in the civil service. Lower pay compared to the private sector is a reason for low application in some services. More generally and importantly, however, non-Malay application is deterred by the perception of unequal chances in recruitment and especially in career advancement (pp. 6-8).

Key Recommendations

1. A representative civil service is needed to ensure equity amongst all races. Civil servants significantly influence the formation and implementation of public policies. Therefore, all races have to be sufficiently represented in the civil service if they are to be fairly served (pp. 8 & 9).
2. A non-racially biased civil service is imperative to promote national unity. The presently non-representative civil service alienates the under-represented races both symbolically and substantively. The unifying potential of national schools is also under-realized because pro-Malay and pro-Muslim practices by predominantly Malay management staff discourage non-Malay attendance (pp. 9-11).
3. A more representative civil service through greater emphasis on merit would also enhance the capacity and performance of the civil service in terms of policy effectiveness and service delivery. Better civil service performance is needed for meeting citizen expectations and national competitiveness in an increasingly global and borderless international environment (pp. 11-14).
4. A fuller merit system, with less ethnic preference, is necessary to enhance equal opportunity in recruitment and career advancement. This will attract talent and

motivate staff from all ethnic groups and help to improve civil service performance (pp. 14-15).

5. A “60-40” intake plan is proposed in which annual intake of fresh graduate recruits would comprise 60% of Malays and 40% of non-Malays. This intake ratio will bring about a sufficiently representative civil service after 30 years (pp. 15-18).
6. The Public Service Initiative (PSI) will be a largely private-sector-funded scholarship and outreach programme with the purpose of attracting quality non-Malay candidates to serve in the civil service upon graduation. This will help to realize the twin objectives of a more representative and capable civil service (pp. 14 & 19).
7. As constitutional guardians of the merit system, public service commissions at federal and state levels should be made more racially representative. When a commission has a Malay chairperson, a non-Malay should be appointed as deputy chairperson. Similarly, when a non-Malay is the chairperson, there should be a Malay deputy chairperson. Reconstituting the Public Services Commission and the Education Service Commission is especially important, as these commissions exercise jurisdiction over the largest number of civil servants (p. 15).

D. CORPORATE EQUITY: PAST TRENDS AND FUTURE POLICY

Key Findings

1. GLCs are leading shareholders of corporate equity. The GLCs' pattern of operation reflects little entrepreneurial and manufacturing capacity (pp. 4, 11-12).
2. Regulatory agencies ensure that 30% of the equity of quoted firms are owned by Bumiputera. These agencies do not, however, ensure that individual Bumiputera allocated large volumes of publicly-listed equity, especially during IPOs, retain their ownership of this equity (pp. 8 & 9).
3. Publicly-listed shares distributed to Bumiputera minority shareholders during IPOs should be done in a more equitable manner. Currently, an elite benefits from such IPOs, and these shares are immediately divested for huge profits (pp. 8 & 9, 14).
4. The continuous divestment by Bumiputera shareholders (partly as a means of asset diversification) has been mainly responsible for the so-called "under achievement" by Bumiputera in relation to the NEP Corporate Equity targets. Even if this divestment is not taken into account, Bumiputera share of corporate equity presently is well in excess of the target of 30 percent, if more objective methodologies of measurement are used. (pp. 12-19)
5. There is no concentration of wealth in the hands of an elite non-Bumiputera community. There is little intra-ethnic business cooperation among leading Chinese businessmen (p. 12). There is growing evidence of inter-ethnic partnerships forged on a basis where the partners contribute equally to the development of an enterprise (pp. 17-19).
6. Government regulation and policies are stymieing entrepreneurial development and hindering domestic and foreign investment (pp. 14-17, 20-21).

Key Recommendations

1. Enterprises owned by the GLCs must be managed by competent professionals with expertise in the business of the company under their charge. Senior management positions cannot be determined on the basis of ethnic background (p. 20).
2. The government should cease allocating equity to individual Bumiputera during IPOs, unless a mechanism can be introduced to ensure that the beneficiaries play a prominent role in the management of these companies. The allocation of shares to

Bumiputera before IPOs tend to promote Ali-Baba relationships that only serve to undermine investor confidence and foster ill-will (pp. 9, 13 & 17).

3. Bumiputera trust agencies, such as the ASN and ASB, should be the primary beneficiaries of IPOs allocated to this community. At the same time, there should be equal determination by the Government to increase the share participation of the Indian and East Malaysian Bumiputera communities through similar community-based trust agencies (p. 9).
4. Government initiatives to promote enterprise development on the basis of affirmative action will undermine entrepreneurial endeavours, which have emerged primarily among SMEs, without state support. The government should focus its attention on promoting key economic sectors and SMEs as a means to develop Malaysia's economic potential. The government should particularly tap into the potential of the new middle class to create thriving enterprises and find means to support such endeavours (pp. 2, 19 & 20).
5. Affirmative action and the promotion of Malay-owned businesses have created serious intra-ethnic Malay cleavages while also hindering the creation of a competitive economic environment. The government should not continue with the continued promotion of such policies (pp. 2, 13, 18 & 19).
6. In calculating the respective ethnic shares of the corporate equity, there is a need to apportion the share of GLCs as well as nominee companies according to the ethnic composition of the country. This will provide a fairer and more objective computation of the respective ethnic shares as compared with the current methodology.
7. Government policies to enhance Malay Bumiputera and other ethnic minority participation in commerce and industry are better achieved through capacity building efforts such as investment in human resource development and skills training rather than through forced equity restructuring.

E. ACHIEVING HIGHER PERFORMANCE IN TERTIARY EDUCATION

Key Findings

1. Malaysia's success in publicly provided education is enviable. Except for some pockets, notably among the Orang Asli of the Peninsula and the Penan of Sarawak, primary school enrolment is now virtually universal, while secondary school enrolment has climbed rapidly over the past twenty years (p. 1).
2. The record in publicly provided tertiary education is more mixed. While there has been a massive expansion in public provision and enrolment has climbed rapidly, this has been marred by significant inequities in admissions with concomitant ethnic discord. While the resulting tension has been alleviated by the expansion of relatively expensive private tertiary education and by accessing very expensive foreign tertiary education, this is affordable only to families with means. It should be noted that in developed countries - even in the United States - the vast majority of students in tertiary education are in publicly funded institutions (pp. 2-3).
3. The research performance of our public universities is poor relative even to those in neighbouring countries such as Thailand and Singapore. This can be seen from the publications output in an area the government has highlighted, namely the biomedical and life sciences. While there has been some growth, it has lagged that in Thailand and Singapore (pp. 3-4).
4. An emerging area of concern is the employability of graduates of tertiary institutions, particularly those from public colleges and universities. The latest figures show that the employability of graduates of public tertiary institutions has been going down (pp. 5-8).
5. The expert consensus on the declining employability of graduates is that this is mainly due to the failure to transmit broad generic skills, including language and multi-cultural skills, to public tertiary education graduates (pp. 7 & 11).
6. In the private tertiary sector, mismatches often arise due to the absence of reliable labour market information, and also partly because many programmes have been introduced by directive rather than as a response to market driven demand.

Key Recommendations

Student Admissions and Programme Issues

1. End the policy and practice of having some public tertiary institutions open to only specific ethnic groups (p. 13).
2. Introduce greater competition and outreach among public tertiary institutions by decentralising the admissions process to the institution, and tying some proportion of the funds allocated to public tertiary institutions to actual *enrolled* numbers (p. 13).
3. Set out clear and transparent criteria of admissions applicable to all public tertiary institutions. The criteria should primarily be based on merit but should also include a weighting for socio-economic and geographical background to compensate for socio-economic and geographical disadvantage. Although ethnically neutral, the improved admissions policy will compensate for significant ethnic disparities resulting from socio-economic status and regional location; it will thus address an issue of concern in a manner that will not generate resentment or impact negatively on national unity (pp. 13-14).
4. Introduce/expand the provision of scholarships for academic excellence, to be applied to the top 5 per cent of applicants in selected fields assessed as critical to the country's needs and future. The enhanced educational excellence scholarship programme applies to the top 5 per cent of applicants as evaluated on the admissions criteria set out in the previous recommendation (p. 14).
5. Introduce a provision for scholarships for the next 5 per cent of applicants in selected fields assessed as critical to the civil service. These scholarships should carry a bond to serve in the civil service as set out in the accompanying paper "Towards a More Representative and World Class Civil Service". Continued tenure of these scholarships as in the earlier recommendation must be contingent on performance (p. 14).
6. Scrap STPM and matriculation and make the SPM the basic qualification for admission to tertiary education, with minimum scores for admission to diploma and degree programmes. Establish clear criteria for transitions from diploma to degree programmes (pg. 14).
7. Re-introduce the four-year undergraduate degree programme to take account of the democratisation of tertiary education and the resultant lower capabilities of applicants. This should be combined with a system of advanced placement, granting credits to those who qualify, thus enabling them to graduate in a minimum of three years (p. 14).

8. Introduce a five-year Master's programme in selected fields assessed as critical to the country's needs with stringent qualifying criteria to be assessed in the third year of the four-year degree programme (p. 14).
9. Require all public tertiary institutions to conduct at least biennial tracer studies, with the results to be made public. Institutions must be required to address issues emerging from the tracer studies, for instance, the employability of their graduates, the performance of their graduates five years or ten years post graduation, etc (pp. 14-15).
10. Require all public tertiary institutions to conduct five-yearly reviews of their programmes. In critical and fast-changing fields, this should become biennial reviews. This will enable quicker response to 'the market' which is the main determinant of demand for tertiary graduates (p. 15).

Recruitment and Assessment of Faculty

1. End all explicit or implicit quotas in the recruitment and promotion of faculty, as it is irrational and self-defeating to entrust the higher education of the country's youth to any but the most qualified (p. 15).
2. Revitalise the culture of collegiality in public tertiary institutions, and reverse the trend towards administrative dominance. Reintroduce an administrative culture of service to the core functions, staff and clientele of these institutions (p. 15).
3. Introduce student assessments of faculty performance using criteria arrived at by consensus of students and faculty, with the results of assessments being made available to the students and faculty (p. 16).
4. Introduce/refine administrative assessments of faculty performance. The impetus behind the now-defunct SSB can be adopted here with an emphasis on academic performance. The criteria should be arrived at in consultation with the faculty, taking account of type of institution and primary duties of the faculty. Wherever possible, it should also be tailored individually. These criteria should be written into the contract of service and made into explicit and transparent grounds for termination of service for non-fulfilment (p. 16).
5. Peg starting salaries of faculty to the appropriate benchmarks within the country and, where feasible, internationally (p. 16).

F. ENSURING EFFECTIVE TARGETING OF ETHNIC MINORITIES: THE CASE OF LOW INCOME MALAYSIAN INDIANS

Key Findings

1. Malaysian Indians are increasingly being marginalized, economically as well as socially. More than 30% of Indians do not own a house; over 300,000 Indian poor have been evicted from their plantation livelihoods and residences; and there were 21.1 suicides per 100,000 Indians in year 2005, the highest rate amongst all communities. Indians also have the lowest life expectancy at birth amongst the major races (pp. 5 – 8).
2. Involuntary displacement from rural areas where they had a degree of economic security and stability to the new urban environment has resulted in hardship, distress and alienation, especially amongst the Indian youth without skills, capital or support structures from the authorities. (pp. 7 – 10)
3. Although previous government policies have proposed that plantation companies be required to provide alternative housing for retrenched workers, these plans were not implemented. Government-linked companies were amongst the firms that did not comply. At the same time, displaced Indians have failed to receive adequate support from the central and local authorities in accessing new skills and capital. (p. 8)
4. Education is a major area of concern for low income Indians. Tamil primary schools receive little state support, and have poor infrastructure and teaching standards due to lack of resources. There are no affordable or adequate pre-school facilities and this has resulted in Indian children falling behind their peers in primary schools. (p. 7)
5. Youth alienation in the urban environment has resulted in juvenile delinquency, criminal activities and gangs. These social ills are largely due to a sense of hopelessness, low self-esteem, and lack of educational or employment opportunities. (p. 9)
6. Many Indians do not possess identity documents such as birth certificates and identity cards, and this has given rise to problems of access to education, gainful employment, and health care amongst others. (p. 10)
7. Despite numerous instances where the Indian plight has been brought to the attention of the Government, little remedial action has come about in response. Specific recommendations by the National Economic Consultative Council (NECC), Majlis Perundingan Negara (MAPEN), OPP3, EMP, and MTR-EMP have not been followed through with appropriate programmes and projects. (pp. 11 – 15)

Key Recommendations

1. The Ninth Malaysia Plan should provide specific financial allocations to enable the implementation of development programmes targeted at the disadvantaged Indian minority. Programmes recommended in the previous Plan documents have not materialized mainly because of a lack of funding. Budgetary allocations should be large enough to fund comprehensive programmes and projects that can target the root causes of Indian poverty nationally and not in a piece-meal and unsustainable fashion (p. 20).
2. Consideration should be given to the establishment of a special department or agency to be entrusted with uplifting the status of poor non-Bumiputera ethnic minorities, and with providing oversight in the fair implementation of government programmes. Such an agency should be broad based and include representatives from interest groups, ethnic minority communities and NGOs. Representation should not be restricted to leaders from ethnic-based political parties in government. This special agency should be provided with authority and resources to manage development programmes and projects (p. 20).
3. In order to minimise the harmful effects of mass displacement, the government should consider alienating reserve land near the plantations for retrenched estate workers to continue their farming and cattle rearing activities (p. 20).
4. Special land schemes should be launched for plantation workers to upgrade their standard-of-living through participation in Government and private-sector sponsored group farming, livestock-rearing, food production and floriculture projects (p. 20).
5. More funds should be allocated to build affordable child-care centres and pre-school facilities near communities earning low incomes, especially in low-cost areas of urban centers. Such facilities should also be restructured to be fully multi-cultural and Malaysian in orientation and be made available and attractive to all ethnic groups (p. 20).
6. All partially aided Tamil primary schools should be converted into fully aided ones to help safeguard the educational and cultural interests of Indian children who come from low income families. Further, a special allocation should be provided to rebuild the 106 Tamil primary schools which are in need of repairs. More efforts and resources should be committed to resolve the problem of teacher shortages and improve the teaching of Bahasa Malaysia in these schools (p. 20).
7. Special training programmes focusing on urban living skills, and including vocational and entrepreneurial skills, should be conducted for youths displaced from the plantations,. Special hands-on skills-training courses should be made available for Indian youth under-achievers lacking minimum academic qualifications (pp. 20 – 21).

8. Efforts need to be stepped up to enroll more Indian and other non-Malay youths in government skills training institutes, including through publicity in the vernacular media. The learning environment in these institutes should be modified to cater for youths from different religious and cultural backgrounds (p. 21).
9. Education is the main means of upward mobility for the Indian poor. Indian poor should be extended educational benefits similar to the bumiputera community in order to improve their access to local schools and universities (p. 21).
10. Greater efforts should be made to recruit and promote more Indians and other ethnic minorities in the civil service so as to make it more representative and responsive to a multi-racial and multi-cultural clientele (p. 21).
11. Specific strategies need to be formulated to raise the Indian equity ownership from 1.5 per cent to 3 per cent by 2010. One of them should aim at the establishment of an entrepreneur development fund to assist small- and medium-scale Indian entrepreneurs. Currently, many Indian businesses have difficulty securing loans and accessing opportunities in the form of permits, licences and business lots in strategic locations (p. 21).
12. This group of people constitutes a very vulnerable group within the new poor. Poor women should be provided with funds and skills training to start small business from their homes (p. 21).

G. TOWARDS EQUITY FOR BUMIPUTERA MINORITIES: THE CASE OF THE PENAN

Key Findings

1. Despite the great success of the NEP in achieving social mobility for and uplifting the standard and quality of life of Malay bumiputera, the same has not been true of the bumiputera minorities. This is particularly so in the case of the Penan of Sarawak, which lag behind even other bumiputera minorities in education and welfare (pp. 1, 8-13).
2. Amongst the younger age groups, 40% have never attended school, and only 10% make it to upper secondary education (p. 8).
3. In 2002, the household income survey of the Department of Statistics reported a median household income of RM450 per month and a mean household income of RM515 per month. The poverty line income for Sarawak in 2002 was RM600 per month (pp. 7-8).
4. While developments in rural Sarawak have alleviated the cash-flow poverty of Penan and their isolation, these have simultaneously undermined their socio-economic basis, especially with regard to livelihood and food security (p. 11).
5. Plantation development has further worsened the situation by reducing or eliminating the stock of even degraded forest without adequate compensation in kind or cash. Penan rights to land and to forest resources have not been accorded clear and unambiguous recognition (pp. 11-12).
6. The Sarawak Land Code took account of the land rights of settled agricultural communities, establishing 1 January 1958 as the cut-off date for the creation of customary land rights, which are defined in the code as usufruct rights, and the occupants of such land as tenants of the state. Recent court decisions show, however, that these rights confer ownership and not just usufruct rights (pp. 13-14).
7. The authorities have generally recognised land rights created by the post-nomadic Penan, but rights to forest and forest resources are more ambiguous. The Forests Ordinance recognises customary usufruct rights, under permit. However, this means that all forest, other than officially recognised communal forest reserves, is state owned (p. 13).

Key Recommendations

1. Penan rights to land should be explicitly recognised, under customary rights or by issuance of collective title and should cover an area adequate for their current and projected future needs, taking into account customary agricultural practices (p. 14).
2. Communal forest reserves of adequate size should be created for Penan communities, and conducted in a manner to ensure their viability and sustainability (p. 15).
3. In instances of forest conversion, and where it is not possible to create viable and sustainable communal forest reserves, Penan communities should be allocated an adequate share in the ensuing plantations, and supported with community development programmes (p. 15).
4. The current practice of allocating 3 acres per household must be reviewed as this is inadequate to ensuring livelihood and food security. The land size norm provided to FELDA settlers in Peninsular Malaysia should be used as a model (p. 15).
5. Planned Penan service centres, especially schools, must be implemented as quickly as possible. The now-moribund Penan Volunteer Scheme should be re-vitalised and provided adequate resources, training and performance criteria (p. 16).
6. The Economic Planning Unit, in cooperation with the State Planning Unit, should commission a detailed Community Development Plan (CDP) for the Penan to be implemented during the Ninth Plan period. Terms of reference for this work should emphasise a participatory process in the design of the CDP and the plan itself should receive the approval of major Penan stakeholders before adoption (p. 16).
7. These best practices in development proposed for the Penan should be extended to all forest-based ethnic minority communities in the country (p. 16).